

SENATE BILL 156

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2004 Regular Session
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By: **Senators Miller, Pinsky, Astle, Britt, Conway, Currie, DeGrange, Della, Exum, Forehand, Frosh, Garagiola, Giannetti, Gladden, Green, Grosfeld, Hollinger, Hughes, Jimeno, Jones, Kasemeyer, Kelley, Lawlah, McFadden, Middleton, Ruben, Stone, and Teitelbaum**

Introduced and read first time: January 23, 2004

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax Reform**

3 FOR the purpose of authorizing the Comptroller to distribute, apportion, or allocate
4 certain tax attributes between and among two or more organizations, trades, or
5 businesses under certain circumstances; requiring that certain interest
6 expenses and certain intangible expenses be added to the federal taxable income
7 of a corporation to determine Maryland modified income under certain
8 circumstances; providing that to the extent allowed under the Constitution of
9 the United States, under certain circumstances certain income of certain
10 corporations that is not apportionable under the Constitution of the United
11 States shall be allocated to the State for income tax purposes; requiring that
12 certain sales of tangible personal property be included in the numerator of the
13 sales factor used for apportioning a corporation's income to the State under
14 certain circumstances; requiring certain corporations under certain
15 circumstances to include with an income tax return or otherwise file with the
16 Comptroller a certain statement regarding certain dealings and transactions
17 with related corporations; requiring the Comptroller to assess interest and
18 penalties under certain circumstances; requiring that certain revenues be
19 deposited in the General Fund rather than certain special funds; requiring the
20 Comptroller to adopt certain regulations; defining certain terms; making the
21 provisions of this Act severable; providing for the application of this Act; and
22 generally relating to the income tax on corporations.

23 BY adding to

24 Article - Tax - General
25 Section 10-109 and 10-306.1
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 2003 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article - Tax - General

1 Section 10-402(c) and 10-804(e)(3)
2 Annotated Code of Maryland
3 (1997 Replacement Volume and 2003 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - Tax - General**

7 10-109.

8 (A) THE COMPTROLLER MAY DISTRIBUTE, APPORTION, OR ALLOCATE GROSS
9 INCOME, DEDUCTIONS, CREDITS, OR ALLOWANCES BETWEEN AND AMONG TWO OR
10 MORE ORGANIZATIONS, TRADES, OR BUSINESSES, WHETHER OR NOT
11 INCORPORATED, WHETHER OR NOT ORGANIZED IN THE UNITED STATES, AND
12 WHETHER OR NOT AFFILIATED, IF:

13 (1) THE ORGANIZATIONS, TRADES, OR BUSINESSES ARE OWNED OR
14 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS; AND

15 (2) THE COMPTROLLER DETERMINES THAT THE DISTRIBUTION,
16 APPORTIONMENT, OR ALLOCATION IS NECESSARY IN ORDER TO REFLECT AN ARM'S
17 LENGTH STANDARD, WITHIN THE MEANING OF § 1.482-1 OF THE REGULATIONS OF
18 THE INTERNAL REVENUE SERVICE OF THE U.S. TREASURY AND TO CLEARLY
19 REFLECT THE INCOME OF THOSE ORGANIZATIONS, TRADES, OR BUSINESSES.

20 (B) THE COMPTROLLER SHALL APPLY THE ADMINISTRATIVE AND JUDICIAL
21 INTERPRETATIONS OF § 482 OF THE INTERNAL REVENUE CODE IN ADMINISTERING
22 THIS SECTION.

23 10-306.1.

24 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
25 INDICATED.

26 (2) "BANK" MEANS:

27 (I) A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL
28 BANK HOLDING COMPANY ACT OF 1956, AS AMENDED, OR A BANK, TRUST COMPANY,
29 SAVINGS BANK, OR SAVINGS AND LOAN ASSOCIATION INCORPORATED OR
30 CHARTERED UNDER THE LAWS OF THIS STATE, ANOTHER STATE, OR THE UNITED
31 STATES; OR

32 (II) A SUBSIDIARY OR AFFILIATE OF AN ENTITY DESCRIBED IN
33 ITEM (I) OF THIS PARAGRAPH.

34 (3) "BIOTECHNOLOGY" MEANS THE APPLICATION OF BIOCHEMISTRY,
35 MOLECULAR AND CELLULAR BIOLOGY, GENETICS, BIOENGINEERING, AND RELATED
36 TECHNOLOGIES TO PRODUCE OR MODIFY PRODUCTS, TO IMPROVE PLANTS OR
37 ANIMALS, TO DEVELOP MICROORGANISMS FOR SPECIFIC USES, TO IDENTIFY

1 TARGETS FOR SMALL MOLECULE PHARMACEUTICAL DEVELOPMENT, OR TO
2 TRANSFORM BIOLOGICAL SYSTEMS INTO USEFUL PROCESSES.

3 (4) "INTANGIBLE EXPENSE" MEANS:

4 (I) AN EXPENSE, LOSS, OR COST FOR, RELATED TO, OR IN
5 CONNECTION DIRECTLY OR INDIRECTLY WITH, THE DIRECT OR INDIRECT
6 ACQUISITION, USE, MAINTENANCE, MANAGEMENT, OWNERSHIP, SALE, EXCHANGE,
7 OR ANY OTHER DISPOSITION OF INTANGIBLE PROPERTY, TO THE EXTENT THE
8 EXPENSE, LOSS, OR COST IS ALLOWED AS A DEDUCTION OR COST IN DETERMINING
9 TAXABLE INCOME FOR THE TAXABLE YEAR UNDER THE INTERNAL REVENUE CODE;

10 (II) A LOSS RELATED TO OR INCURRED IN CONNECTION DIRECTLY
11 OR INDIRECTLY WITH FACTORING TRANSACTIONS OR DISCOUNTING TRANSACTIONS;

12 (III) A ROYALTY, PATENT, TECHNICAL, OR COPYRIGHT FEE;

13 (IV) A LICENSING FEE; AND

14 (V) ANY OTHER SIMILAR EXPENSE OR COST.

15 (5) "INTANGIBLE PROPERTY" MEANS PATENTS, PATENT APPLICATIONS,
16 TRADE NAMES, TRADEMARKS, SERVICE MARKS, COPYRIGHTS, AND SIMILAR TYPES
17 OF INTANGIBLE ASSETS.

18 (6) "INTEREST EXPENSE" MEANS AN AMOUNT DIRECTLY OR INDIRECTLY
19 ALLOWED AS A DEDUCTION UNDER § 163 OF THE INTERNAL REVENUE CODE FOR
20 PURPOSES OF DETERMINING TAXABLE INCOME UNDER THE INTERNAL REVENUE
21 CODE.

22 (7) "RELATED MEMBER" MEANS A PERSON THAT, WITH RESPECT TO THE
23 TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR, IS:

24 (I) A RELATED ENTITY;

25 (II) A COMPONENT MEMBER, AS DEFINED IN § 1563(B) OF THE
26 INTERNAL REVENUE CODE; OR

27 (III) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF
28 STOCK OWNERSHIP IN ACCORDANCE WITH § 1563(E) OF THE INTERNAL REVENUE
29 CODE.

30 (8) "RELATED ENTITY" MEANS A PERSON THAT, APPLYING THE
31 ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IS:

32 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF
33 THE STOCKHOLDER'S FAMILY ENUMERATED IN § 318 OF THE INTERNAL REVENUE
34 CODE, IF THE STOCKHOLDER AND THE MEMBERS OF THE STOCKHOLDER'S FAMILY
35 OWN, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, IN THE

1 AGGREGATE, AT LEAST 50% OF THE VALUE OF THE TAXPAYER'S OUTSTANDING
2 STOCK;

3 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP,
4 LIMITED LIABILITY COMPANY, ESTATE, TRUST, OR CORPORATION, IF THE
5 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED LIABILITY
6 COMPANIES, ESTATES, TRUSTS, AND CORPORATIONS OWN, DIRECTLY, INDIRECTLY,
7 BENEFICIALLY, OR CONSTRUCTIVELY, IN THE AGGREGATE, AT LEAST 50% OF THE
8 VALUE OF THE TAXPAYER'S OUTSTANDING STOCK; OR

9 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION
10 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE
11 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION UNDER
12 THE ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IF THE
13 TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, AT
14 LEAST 50% OF THE VALUE OF THE CORPORATION'S OUTSTANDING STOCK.

15 (B) (1) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 AND 10-306
16 OF THIS SUBTITLE, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
17 AMOUNTS UNDER PARAGRAPH (2) OF THIS SUBSECTION ARE ADDED TO THE
18 FEDERAL TAXABLE INCOME OF A CORPORATION TO DETERMINE MARYLAND
19 MODIFIED INCOME.

20 (2) THE ADDITION UNDER THIS SUBSECTION INCLUDES ANY
21 OTHERWISE DEDUCTIBLE INTEREST EXPENSE OR INTANGIBLE EXPENSE, IF THE
22 INTEREST EXPENSE OR INTANGIBLE EXPENSE IS DIRECTLY OR INDIRECTLY PAID,
23 ACCRUED, OR INCURRED TO, OR IN CONNECTION DIRECTLY OR INDIRECTLY WITH
24 ONE OR MORE DIRECT OR INDIRECT TRANSACTIONS WITH, ONE OR MORE RELATED
25 MEMBERS.

26 (C) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES
27 NOT APPLY TO ANY PORTION OF AN INTEREST EXPENSE OR INTANGIBLE EXPENSE
28 TO THE EXTENT THAT THE CORPORATION ESTABLISHES BY CLEAR AND CONVINCING
29 EVIDENCE, AS DETERMINED BY THE COMPTROLLER, THAT:

30 (1) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE INTEREST
31 EXPENSE OR THE INTANGIBLE EXPENSE BETWEEN THE CORPORATION AND THE
32 RELATED MEMBER DID NOT HAVE AS A PRINCIPAL PURPOSE THE AVOIDANCE OF
33 ANY PORTION OF THE TAX DUE UNDER THIS TITLE;

34 (2) THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE WAS PAID
35 PURSUANT TO ARM'S LENGTH CONTRACTS AT AN ARM'S LENGTH RATE OF INTEREST
36 OR PRICE; AND

37 (3) (I) DURING THE SAME TAXABLE YEAR, THE RELATED MEMBER
38 DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED THE INTEREST EXPENSE
39 OR THE INTANGIBLE EXPENSE TO A PERSON WHO IS NOT A RELATED MEMBER;

1 (II) 1. THE RELATED MEMBER WAS SUBJECT TO A TAX
2 MEASURED BY ITS NET INCOME OR RECEIPTS IN THIS STATE OR OTHER STATES OR
3 POSSESSIONS OF THE UNITED STATES OR IN FOREIGN NATIONS;

4 2. A MEASURE OF THE TAX IMPOSED BY THIS STATE AND
5 OTHER STATES OR POSSESSIONS OF THE UNITED STATES OR FOREIGN NATIONS
6 INCLUDED THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE RECEIVED BY
7 THE RELATED MEMBER FROM THE CORPORATION; AND

8 3. THE EFFECTIVE RATE OF TAX PAID BY THE RELATED
9 MEMBER TO THIS STATE AND OTHER STATES OR POSSESSIONS OF THE UNITED
10 STATES OR FOREIGN NATIONS IN THE AGGREGATE ON THE AMOUNTS RECEIVED BY
11 THE RELATED MEMBER FROM THE CORPORATION IS EQUAL TO OR GREATER THAN
12 4%; OR

13 (III) IN THE CASE OF AN INTEREST EXPENSE, THE CORPORATION
14 AND THE RELATED MEMBER ARE BANKS.

15 (D) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES
16 NOT APPLY TO ANY INTANGIBLE EXPENSE PAID, ACCRUED, OR INCURRED TO
17 PURCHASE, LICENSE, DEVELOP, OR PROTECT PATENTS, TRADE SECRETS,
18 COPYRIGHTS, OR TRADEMARKS USED IN THE BIOTECHNOLOGY INDUSTRY.

19 (E) THIS SECTION MAY NOT BE CONSTRUED:

20 (1) TO REQUIRE A CORPORATION TO ADD TO ITS NET INCOME MORE
21 THAN ONCE ANY AMOUNT OF INTEREST EXPENSE OR INTANGIBLE EXPENSE THAT
22 THE CORPORATION PAYS, ACCRUES, OR INCURS TO A RELATED MEMBER; OR

23 (2) TO LIMIT OR NEGATE ANY OTHER AUTHORITY PROVIDED TO THE
24 COMPTROLLER UNDER THIS ARTICLE, INCLUDING:

25 (I) THE AUTHORITY TO MAKE ADJUSTMENTS UNDER § 10-109 OR §
26 10-402(D) OF THIS TITLE; OR

27 (II) THE AUTHORITY TO OTHERWISE ENTER INTO AGREEMENTS
28 AND COMPROMISES OTHERWISE ALLOWED BY LAW.

29 (F) THE COMPTROLLER SHALL ADOPT ANY REGULATIONS THAT ARE
30 NECESSARY OR APPROPRIATE TO CARRY OUT THIS SECTION.

31 10-402.

32 (c) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
33 MEANINGS INDICATED.

34 (II) "NONOPERATIONAL INCOME" MEANS ALL INCOME OTHER
35 THAN OPERATIONAL INCOME.

1 (III) "OPERATIONAL INCOME" MEANS ALL INCOME THAT IS
2 APPORTIONABLE UNDER THE CONSTITUTION OF THE UNITED STATES.

3 (2) (I) IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART
4 OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR
5 REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE
6 SHALL BE DETERMINED BY ADDING:

7 1. THE CORPORATION'S NONOPERATIONAL INCOME THAT IS
8 ALLOCATED TO THE STATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH; AND

9 2. THE PART OF THE CORPORATION'S OPERATIONAL INCOME
10 DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED
11 ON IN THE STATE AS DETERMINED UNDER PARAGRAPH (3) OR (4) OF THIS
12 SUBSECTION.

13 (II) TO THE EXTENT ALLOWED UNDER THE CONSTITUTION OF THE
14 UNITED STATES, IF THE PRINCIPAL PLACE FROM WHICH THE TRADE OR BUSINESS
15 OF A CORPORATION IS DIRECTED OR MANAGED IS IN THE STATE, ALL OF THE
16 CORPORATION'S MARYLAND MODIFIED INCOME THAT IS NONOPERATIONAL INCOME
17 SHALL BE ALLOCATED TO THE STATE.

18 [(1)] (3) Except as provided in paragraph [(2)] (4) of this subsection, if
19 the trade or business is a unitary business, the part of the corporation's Maryland
20 modified income THAT IS OPERATIONAL INCOME derived from or reasonably
21 attributable to trade or business carried on in the State shall be determined using a
22 3-factor apportionment fraction:

23 (i) the numerator of which is the sum of the property factor, the
24 payroll factor, and twice the sales factor; and

25 (ii) the denominator of which is 4.

26 [(2)] (4) (i) In this paragraph:

27 1. "manufacturing corporation" means a domestic or foreign
28 corporation which is primarily engaged in activities that, in accordance with the
29 North American Industrial Classification System (NAICS), United States Manual,
30 United States Office of Management and Budget, 1997 Edition, would be included in
31 Sector 11, 31, 32, or 33; and

32 2. "manufacturing corporation" does not include a refiner, as
33 defined in § 10-101 of the Business Regulation Article.

34 (ii) If a manufacturing corporation carries on its trade or business
35 in and out of the State and the trade or business is a unitary business, the part of the
36 corporation's Maryland modified income THAT IS OPERATIONAL INCOME derived
37 from or reasonably attributable to trade or business carried on in the State shall be
38 determined using a single sales factor apportionment formula, by multiplying its
39 Maryland modified income by 100% of the sales factor.

1 (iii) In filing its tax return for each year, a manufacturing
2 corporation shall certify that the NAICS Code reported on its Maryland return is
3 consistent with that reported to other government agencies.

4 (iv) If the Comptroller determines that a corporation has submitted
5 information that incorrectly classifies the corporation as a manufacturing corporation
6 under subparagraph (i) of this paragraph, the Comptroller shall reclassify the
7 corporation in an appropriate manner.

8 (v) The Comptroller, in consultation with the Department of
9 Business and Economic Development, shall adopt regulations necessary to carry out
10 the provisions of this subsection.

11 (vi) As part of its tax return for a taxable year beginning after
12 December 31, 2000 but before January 1, 2003, each manufacturing corporation that
13 has more than 25 employees and apportions its income under this paragraph shall
14 submit a report, in the form that the Comptroller requires by regulation, that
15 describes for each taxable year as of the last day of the taxable year the following:

16 1. the difference in tax owed as a result of using single sales
17 factor apportionment method under this paragraph as compared to the tax owed
18 using the 3-factor double weighted sales factor apportionment method in effect for
19 the last taxable year beginning on or before December 31, 2000;

20 2. volume of sales in the State and worldwide;

21 3. taxable income in the State and worldwide; and

22 4. book value of plant, land, and equipment in the State and
23 worldwide.

24 (vii) On or before October 1, 2003 and October 1, 2004, and
25 notwithstanding any confidentiality requirements, the Comptroller shall prepare and
26 submit to the Governor and, subject to § 2-1246 of the State Government Article, to
27 the General Assembly, a comprehensive report on the use of single sales factor
28 apportionment by manufacturing corporations that provides, at a minimum:

29 1. the number of corporations filing tax returns for the
30 taxable year that ended during the preceding calendar year that use single sales
31 factor apportionment and the number of such corporations having a Maryland income
32 tax liability for that taxable year;

33 2. the number of corporations paying less in Maryland
34 income tax for that taxable year as a result of using single sales factor apportionment
35 and the aggregate amount of Maryland income tax savings for all such corporations
36 for that taxable year as a result of using single sales factor apportionment; and

37 3. the number of corporations paying more in Maryland
38 income tax for the taxable year as a result of using single sales factor apportionment
39 and the aggregate amount of additional Maryland income tax owed by those

1 corporations for the taxable year as a result of using single sales factor
2 apportionment.

3 [(3)] (5) The property factor under paragraph [(1)] (3) of this subsection
4 shall include:

5 (i) rented and owned real property; and

6 (ii) tangible personal property located in the State and used in the
7 trade or business.

8 (6) (I) SALES OF TANGIBLE PERSONAL PROPERTY SHALL BE
9 INCLUDED IN THE NUMERATOR OF THE SALES FACTOR UNDER PARAGRAPH (3) OR (4)
10 OF THIS SUBSECTION IF:

11 1. THE PROPERTY IS DELIVERED OR SHIPPED TO A
12 PURCHASER WITHIN THE STATE, REGARDLESS OF THE F.O.B. POINT OR OTHER
13 CONDITIONS OF THE SALE; OR

14 2. THE PROPERTY IS SHIPPED FROM AN OFFICE, STORE,
15 WAREHOUSE, FACTORY, OR OTHER PLACE OF STORAGE IN THIS STATE AND THE
16 CORPORATION IS NOT TAXABLE IN THE STATE OF THE PURCHASER.

17 (II) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, A
18 CORPORATION IS TAXABLE IN A STATE IF:

19 1. IN THAT STATE THE CORPORATION IS SUBJECT TO A NET
20 INCOME TAX, A FRANCHISE TAX MEASURED BY NET INCOME, A FRANCHISE TAX FOR
21 THE PRIVILEGE OF DOING BUSINESS, OR A CORPORATE STOCK TAX; OR

22 2. THAT STATE HAS JURISDICTION TO SUBJECT THE
23 TAXPAYER TO A NET INCOME TAX, REGARDLESS OF WHETHER, IN FACT, THE STATE
24 IMPOSES A TAX.

25 10-804.

26 (e) Each person required under this subtitle to file an income tax return or
27 estimated income tax declaration or return shall:

28 (3) attach to an income tax return or otherwise file with the Comptroller
29 any records or statements that the Comptroller requires, including:

30 (i) for an individual who has income tax withheld from salary,
31 wages, or other compensation for personal services, or other payments, a copy of the
32 statement from the person who withholds the tax that states:

33 1. the amount of salary, wages, or other compensation for
34 personal services paid and the income tax withheld; or

35 2. the amount of payments made and the income tax
36 withheld; [and]

- 1 (ii) a copy of the federal income tax return:
- 2 1. for a corporation; and
- 3 2. if the Comptroller requests, for an individual; AND

4 (III) IF THE COMPTROLLER REQUESTS, FOR A CORPORATION THAT
5 IS A MEMBER OF AN AFFILIATED GROUP OR A CONTROLLED GROUP UNDER § 1504 OR
6 § 1563 OF THE INTERNAL REVENUE CODE, A STATEMENT OF ALL INTERMEMBER
7 COSTS OR EXPENSES AND ALL INTERMEMBER SALES, EXCHANGES, OR OTHER
8 TRANSACTIONS INVOLVING TANGIBLE OR INTANGIBLE PROPERTY FOR THE TAXABLE
9 YEAR.

10 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the
11 provisions of § 8-402 of the Transportation Article or any other provision of law, for
12 fiscal year 2005 only, \$7,700,000 from motor vehicle registration revenues and other
13 user fees from the Motor Vehicle Administration shall be deposited in the General
14 Fund rather than in the Gasoline and Motor Vehicle Revenue Account of the
15 Transportation Trust Fund or the Transportation Trust Fund, respectively.
16 Notwithstanding the provisions of this section, the calculation of the local share of
17 highway user revenues pursuant to § 8-403 of the Transportation Article shall not be
18 affected and the total amount of highway user revenues for the purpose of such
19 calculation shall be calculated in accordance with the provisions of law without
20 regard to this section.

21 SECTION 3. AND BE IT FURTHER ENACTED, That if any provision of this
22 Act or the application thereof to any person or circumstance is held invalid for any
23 reason in a court of competent jurisdiction, the invalidity does not affect other
24 provisions or any other application of this Act which can be given effect without the
25 invalid provision or application, and for this purpose the provisions of this Act are
26 declared severable.

27 SECTION 4. AND BE IT FURTHER ENACTED, That, for a taxable year
28 beginning after December 31, 2003 but before January 1, 2005, notwithstanding §§
29 13-602 and 13-702 of the Tax - General Article, the Comptroller shall assess interest
30 and penalties under §§ 13-602 and 13-702 of the Tax - General Article if a
31 corporation pays estimated income tax for the taxable year in an amount less than
32 90% of the tax required to be shown on the corporation's income tax return for the
33 taxable year.

34 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 July 1, 2004, and shall be applicable to all taxable years beginning after December 31,
36 2003.